

**Rating Action: Moody's completes review of tobacco settlement revenue bonds**

---

Global Credit Research - 08 Sep 2011

**Approximately \$21.6 billion of asset-backed securities affected.**

New York, September 08, 2011 -- Moody's Investors Service has concluded its review of tobacco settlement revenue bonds. The review follows the May 25, 2011, publication of Moody's updated cash flow modeling assumptions. The bonds are securitizations of payments that domestic tobacco manufacturers owe to 46 states and certain territories under the Master Settlement Agreement (MSA payments).

Moody's has downgraded 60 tranches in 13 securitizations (approximately \$17 billion). Moody's also confirmed seven tranches in three securitizations (\$1.1 billion) and upgraded 134 tranches in 27 securitizations (approximately \$3.5 billion).

**RATINGS RATIONALE**

The primary reason for the downgrades was the continuing decline in MSA payments to the transactions. The MSA payments depend on the volume of domestic cigarette shipments, which have been on the decline following falling cigarette consumption. Public awareness of smoking-related health risks, smoking bans and regulations, increasing prices, and wide availability of smoking cessation products have all contributed to the fall in tobacco use. Moody's modeling assumptions published on May 25, 2011, in Addendum A to the methodology entitled "Moody's Approach to Rating Tobacco Settlement Revenues Securitizations" reflect Moody's updated expectation of the mean cigarette consumption decline. In Addendum A, Moody's revised the estimate upward to 4% per year from on average around 3%.

The confirmed and upgraded tranches benefit from lower transaction leverage and the resultant high debt service coverage ratios, often significant cash reserves, and relatively short-term maturities, which minimize the impact of the cigarette consumption declines over the long term.

Although some transactions benefit strongly from these factors, a structural feature of the tobacco settlement securitizations limits the credit quality of the bonds. Upon an event of default the cash allocation in many transactions switches from sequential to pro-rata, which weakens cash flow to the bonds with short-term maturities. This limit does not apply if there is only one class of bonds outstanding, or if an event of default is unlikely.

In assigning the ratings Moody's conducted cash flow simulation analyses using assumptions published in the methodology. Among other factors, Moody's considered the internal rate of return, the probability of default, and the expected loss on the bonds. In all cases, Moody's assumed that the portion of MSA payments either withheld or escrowed by the tobacco manufacturers that are party to MSA (NPM adjustments) will continue until 2020 and reduce the MSA payments by 13% per year. Moody's also assumed that the settling states would ultimately fully recover the withheld or escrowed disputed funds. Should the tobacco manufacturers prevail, however, such an outcome would materially reduce future cash flow to the affected states, which could result in further downgrades to their bonds.

In addition to the quantitative factors, Moody's considered qualitative factors. Such factors included the structural protections in each transaction, the breakeven cigarette consumption declines for each rated tranche and recent deal performance indicators, including debt service coverage ratios, interest coverage ratios, and the transactions' leverage.

The principal methodology used in rating these issues is "Moody's Approach to Rating Tobacco Settlement Revenue Securitizations" published on May 25, 2011.

Primary sources of uncertainty include future trends in domestic cigarette consumption, the domestic market share of the tobacco manufacturers who are parties to the MSA, as well as the market share split between major and minor tobacco manufacturers. In addition, Moody's published methodology includes an assumption that inflation remains at the 3% minimum for the term of the bonds. Therefore, inflation above the 3% minimum could result in the increase of the MSA payment revenue.

Detailed information on these rating actions, including CUSIP identifiers, can be found at: [http://www.moody.com/viewresearchdoc.aspx?docid=PBS\\_SF260652](http://www.moody.com/viewresearchdoc.aspx?docid=PBS_SF260652)

The complete rating actions are as follows:

Issuer: Alabama 21 Century Authority, Series 2001

- Cl. 9, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade
- Cl. 10, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade
- Cl. 11, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade
- Cl. 12, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade
- Cl. 13, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade
- Cl. 14, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade
- Cl. 15, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade
- Cl. 16, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade
- Cl. 17, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Term Bond Cl. 1, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Issuer: Alabama 21st Century Authority, Series 2000

Class 11, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Class 12, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Class 13, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Class 14, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Class 15, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Issuer: Arkansas Development Finance Authority, Tobacco Settlement Revenue Bonds, Series 2001 (Biosciences Institutes and College of Public Health Projects)

Term Bond Class 1, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Term Bond Class 2, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Term Bond Class 3, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Serial Bond Class 9, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Serial Bond Class 10, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa1 (sf) Placed Under Review for Possible Upgrade

Issuer: Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds, Series 2007 (State of Ohio)

Series 2007A-1-6 Senior Current Interest Serial Bonds, Upgraded to Aaa (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Series 2007A-1-7 Senior Current Interest Serial Bonds, Upgraded to Aaa (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Series 2007A-1-8 Senior Current Interest Serial Bonds, Upgraded to Aa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Series 2007A-1-9 Senior Current Interest Serial Bonds, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Series 2007A-1-10 Senior Current Interest Serial Bonds, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Series 2007A-1-11 Senior Current Interest Serial Bonds, Upgraded to A3 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade

Series 2007A-1-12 Senior Current Interest Serial Bonds, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade

Series 2007A-2-1 Senior Current Interest Turbo Term Bonds, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Series 2007A-2-2 Senior Current Interest Turbo Term Bonds, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Series 2007A-2-3 Senior Current Interest Turbo Term Bonds, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Series 2007A-2-4 Senior Current Interest Turbo Term Bonds, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Series 2007A-2-5 Senior Current Interest Turbo Term Bonds, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Series 2007A-2-6 Senior Current Interest Turbo Term Bonds, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Series 2007A-2-7 Senior Current Interest Turbo Term Bonds, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Series 2007-A-3 Senior Convertible Capital Appreciation Turbo Term Bonds, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: California County Tobacco Securitization Agency (Los Angeles County Securitization Corporation) Series 2006A Convertible Turbo Bonds

Cl. 2006A-1, Downgraded to Ba1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Cl. 2006A-2, Downgraded to B1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Cl. 2006A-3, Downgraded to B1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Cl. 2006A-4, Downgraded to B1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Cl. 2006A-5, Downgraded to B1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: California County Tobacco Securitization Agency (Merced County Tobacco Funding Corporation) - Tobacco Settlement Asset-Backed Refunding Bonds

2005A-1, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2005A-2, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2005A-3, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2005B, Downgraded to B1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: California Statewide Financing Authority (Pooled Tobacco Securitization Program) , Series 2002

Ser. 2002A Term Bonds 1, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Ser. 2002A Term Bonds 2, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Ser. 2002A Term Bonds 3, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Ser. 2002A Serial Bonds 8, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002A Serial Bonds 9, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002A Serial Bonds 10, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002A Serial Bonds 11, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002A Serial Bonds 12, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002A Serial Bonds 13, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

Ser. 2002B Term Bonds 1, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Ser. 2002B Term Bonds 2, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Ser. 2002B Term Bonds 3, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Ser. 2002B Serial Bonds 8, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002B Serial Bonds 9, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002B Serial Bonds 10, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002B Serial Bonds 11, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002B Serial Bonds 12, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002B Serial Bonds 13, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: Children's Trust, Series 2002

Term Bond 1, Confirmed at Baa3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Term Bond 2, Confirmed at Baa3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Term Bond 3, Confirmed at Baa3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Serial Bond 7, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Serial Bond 5, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Serial Bond 6, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Issuer: City of San Diego Tobacco Settlement Revenue Funding Corporation

Term Bonds, Upgraded to Baa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Issuer: District of Columbia Tobacco Settlement Financing Corporation, Series 2001

Term Bond 1, Upgraded to A1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade

Term Bond 2, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade

Term Bond 3, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 5, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 6, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 7, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Issuer: Educational Enhancement Funding Corporation - Tobacco Settlement Asset-Backed Bonds, Series 2002A and 2002B  
Ser. 2002A Taxable Term Bond 1, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Ser. 2002B Tax-Exempt Term Bond 2, Upgraded to A3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Issuer: Golden State Tobacco Securitization Corporation (2007 Indenture)

TT Bds A-1-1, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade  
TT Bds A-1-2, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade  
TT Bds A-1-3, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade  
TT Bds A-1-4, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade  
CI Bds A-1-5, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
CI Bds A-1-6, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
CI Bds A-1-7, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
CI Bds A-1-8, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
CI Bds A-1-9, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
CI Bds A-1-10, Upgraded to A3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
CI Bds A-1-11, Upgraded to Baa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
CI Bds A-1-12, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade  
CI Bds A-1-13, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade  
CVT Bds A-2, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade  
Issuer: Michigan Tobacco Settlement Finance Authority, Tobacco Settlement Asset-Backed Bonds, Series 2006 and 2008

Series 2006A Fixed Rate Turbo Term Bonds, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade  
Series 2008A Current Interest Turbo Term Bonds, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade  
Issuer: New York Counties Tobacco Trust I, Series 2000

Term Bond 1, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Flex. Amort. Term Bond 2, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Flex. Amort. Term Bond 3, Upgraded to Baa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Flex. Amort. Term Bond 4, Upgraded to Baa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 11, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 12, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 13, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 14, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Issuer: New York Counties Tobacco Trust II, Series 2001

Super Sinker Term Bond 1, Upgraded to A3 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade  
Super Sinker Term Bond 2, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade  
Super Sinker Term Bond 3, Upgraded to Baa2 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 7, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 8, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Serial Bond Class 9, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 10, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 11, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Issuer: New York Counties Tobacco Trust III, Series 2003

2003 TTB-1, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
2003 TTB-2, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
2003 TTB-3, Upgraded to A3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Issuer: Niagara Tobacco Asset Securitization Corporation, Series 2000

Term 3, Upgraded to Baa2 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade  
Term 4, Confirmed at Baa3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade  
Term 5, Confirmed at Baa3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade  
Serial 13, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial 14, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial 15, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial 16, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial 17, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial 18, Upgraded to A3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial 19, Upgraded to A3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial 20, Upgraded to Baa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Issuer: Northern Tobacco Securitization Corporation, Series 2006

2006-A-1, Downgraded to Ba1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade  
2006-A-2, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade  
2006-A-3, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade  
Issuer: Rensselaer Tobacco Asset Securitization Corporation, Series A

Super Sinker Term Bond, Upgraded to A3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Super Sinker Term Bond 2, Upgraded to A3 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade  
Super Sinker Term Bond 3, Upgraded to A3 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 7, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 8, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 9, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 10, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 11, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Issuer: Rockland Tobacco Asset Securitization Corporation, Series 2001

Super Sinker Term Bond 1, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade  
Super Sinker Term Bond 2, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade  
Super Sinker Term Bond 3, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 7, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Serial Bond Class 8, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade  
Issuer: The California County Tobacco Securitization Agency ( Fresno County Tobacco Funding Corporation), Series 2002  
Ser. 2002 Term Bonds 1, Upgraded to A3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Term Bonds 2, Upgraded to Baa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Term Bonds 3, Upgraded to Baa2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Term Bond 4, Confirmed at Baa3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Serial Bonds 4, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Serial Bonds 5, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Serial Bonds 6, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Serial Bonds 7, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Issuer: The California County Tobacco Securitization Agency (Alameda County Tobacco Asset Securitization Corporation), Series 2002

Ser. 2002 Turbo Bond 1, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Turbo Bond 2, Upgraded to Baa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Turbo Bond 3, Upgraded to Baa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Turbo Bond 4, Confirmed at Baa3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Serial Bonds 10, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Issuer: The California County Tobacco Securitization Agency (Stanislaus County Tobacco Funding Corporation), Series 2002

Ser. 2002A Term Bond 1, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002A Term Bond 2, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade

Issuer: Tobacco Securitization Authority of Northern California (Sacramento County)

2005A-1-1, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2005A-1-2, Downgraded to Caa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2005A-1-3, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2005A-2, Downgraded to Caa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: Tobacco Securitization Authority of Southern California (San Diego)

2006A-1-1, Downgraded to B1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2006A-1-2, Downgraded to B3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2006A-1-3, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: Tobacco Settlement Authority (Iowa), Series 2005

2005A TNs, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2005B TNs, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2005-C1 TNs, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2005-C2 TNs, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2005-C3 TNs, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: Tobacco Settlement Authority (Washington), Series 2002

Ser. 2002 Serial Bond 7, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Term Bond 8, Upgraded to A3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002 Term Bond 9, Upgraded to Baa1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Issuer: Tobacco Settlement Finance Authority (Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007) West Virginia

2007A TT CIBS, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: Tobacco Settlement Financing Corporation (New Jersey), Series 2007-1

2007-1A Term Bond 1, Downgraded to B1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

2007-1A Term Bond 2, Downgraded to B1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2007-1A Term Bond 3, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2007-1A Term Bond 4, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2007-1A Term Bond 5, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2007-1A Serial Bond 5, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

2007-1A Serial Bond 6, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

2007-1A Serial Bond 7, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

2007-1A Serial Bond 8, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

2007-1A Serial Bond 9, Upgraded to A1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

2007-1A Serial Bond 10, Upgraded to A3 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

2007-1A Serial Bond 11, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

2007-1A Serial Bond 12, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: Tobacco Settlement Financing Corporation (Virgin Islands), Series 2001

Term Bond 1, Upgraded to A1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade

Term Bond 2, Upgraded to A3 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade

Serial Bond 5, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Serial Bond 6, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Serial Bond 7, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Issuer: Tobacco Settlement Financing Corporation, Series 2001A and 2001B

Ser. 2001B-1 Tax-Exempt Term Bond, Upgraded to A1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2001B-2 Tax-Exempt Term Bond, Upgraded to A3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Issuer: Tobacco Settlement Financing Corporation, Series 2002A and 2002B

Ser. 2002A Tax-Exempt Term Bond 1, Upgraded to Baa1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Upgrade

Ser. 2002A Tax-Exempt Term Bond 2, Downgraded to Ba1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Ser. 2002A Tax-Exempt Term Bond 3, Downgraded to B1 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: Tobacco Settlement Financing Corporation, Series 2007

2007A Turbo Term Bonds, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2007B-1 Turbo Term Bonds, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

2007B-2 Turbo Term Bonds, Downgraded to B2 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Downgrade

Issuer: Tobacco Settlement Revenue Management Authority - Tobacco Settlement Asset-Backed Refunding Bonds, Series 2008 (State of South Carolina)

Tobacco Settlement Asset-Backed Refunding Bonds, Series 2008, Upgraded to Aa3 (sf); previously on Dec 21, 2010 Baa3 (sf) Placed Under Review for Possible Upgrade

Issuer: Ulster Tobacco Asset Securitization Corporation, Series 2001

Term CI Bond-1, Downgraded to B1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

Term CI Bond-2, Downgraded to B1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

Term CCABond-1, Downgraded to B1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

Term CCABond-2, Downgraded to B1 (sf); previously on May 26, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

## REGULATORY DISCLOSURES

Information sources used to prepare the ratings are the following: parties involved in the ratings, public information, and confidential and proprietary Moody's Investors Service information.

Moody's did not receive or take into account a third-party assessment on the due diligence performed regarding the underlying assets or financial instruments related to the monitoring of this transaction in the past six months.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

For further information please see the ratings tab on the issuer/entity page for the respective issuer on [www.moody's.com](http://www.moody's.com).

Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see Moody's Rating Symbols and Definitions on the Rating Process page on [www.moody's.com](http://www.moody's.com) for further information on the meaning of each rating category and the definition of default and recovery.

Please see ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the last rating action and the rating history.

The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website [www.moody's.com](http://www.moody's.com) for further information.

Please see [www.moody's.com](http://www.moody's.com) for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

New York  
David Nathanson  
Asst Vice President - Analyst  
Structured Finance Group  
Moody's Investors Service, Inc.  
JOURNALISTS: 212-553-0376  
SUBSCRIBERS: 212-553-1653

New York  
Irina Faynzilberg  
VP - Senior Credit Officer  
Structured Finance Group  
Moody's Investors Service, Inc.  
JOURNALISTS: 212-553-0376  
SUBSCRIBERS: 212-553-1653

Moody's Investors Service, Inc.  
250 Greenwich Street  
New York, NY 10007  
U.S.A.  
JOURNALISTS: 212-553-0376  
SUBSCRIBERS: 212-553-1653



© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information



contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody's.com](http://www.moody's.com) under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK". MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.

## Regulatory Disclosures

*City of San Diego Tobacco Settlement Revenue Funding Corporation*

**Identifier:** CUS: 797330AA5

**Identifier:** MDY: 809551206

**Description:** TOBACCO SETTLEMENT ASSET-BKD BONDS; Currency: USD

**Rating Action Date:** 22 Jan 2013

**Rating:** Baa1 (sf) Uncertain

## Methodology and Definitions

### Principal Methodology

The principal methodology used in this rating was [Moody's Approach to Rating Tobacco Settlement Revenues Securitizations](#) published on 25-May-2011.

### Methodology Assumptions

The main assumptions underlying the methodology used to determine the credit rating are:

- 1) The expected level of enforceability of the transaction's structural mechanisms in light of the legal, regulatory and tax environment anticipated to prevail.
- 2) The expected general performance behavior (as expressed by the default rate, prepayment rate, yield or otherwise) and related dependency of the underlying exposures or related guarantor.
- 3) The expected realization value of the non-performing or otherwise disposed underlying assets or related guarantees.
- 4) The assessment of the transaction's relevant parties' governance, ability and willingness to perform their obligations as contemplated in the transaction's documents.
- 5) The assessment of the level of reliability, quality and integrity of the information provided by the relevant parties.

### Procedure

Not Applicable

### Limitations

Credit ratings are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities rated by Moody's. Moody's defines credit risk as the risk that an entity may not meet its contractual, financial obligations as they come due and any estimated financial loss in the event of default. Credit ratings do not address any other risk, including but not limited to: market liquidity risk, market value risk, or price volatility. Credit ratings are not statements of current or historical fact. Credit ratings do not constitute investment or financial advice, and credit ratings are not recommendations to purchase, sell, or hold particular securities. Credit ratings do not comment on the suitability of an investment for any particular investor. Moody's issues its credit ratings with the expectation and understanding that each investor will make its own study and evaluation of each security that is under consideration for purchase, holding, or sale.

## **MIS Ratings Definitions**

Please see Moody's Rating Symbols and Definitions on the Rating Process page on [www.moodys.com](http://www.moodys.com) for further information on the meaning of each rating category and the definition of default and recovery.

## **Information and Data**

### **Quality of Information**

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing this review and of appropriate quality relative to that available for similar rated entities, obligations or credits. Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

### **Surveillance Reports**

In conducting surveillance of this credit, Moody's considered performance data contained in servicer reports. Moody's obtains servicer reports on this transaction on a periodic basis, at least annually.

### **Sources and Types of Information**

Information sources used to prepare the rating are the following:

- Parties involved in the rating
- Parties not involved in the rating
- Public information
- Confidential and proprietary Moody's Investors Service information

Information types used to prepare the rating include the following:

- Debt documentations
- Other public information

### **Information Disclosure from Rated Entity (Hong Kong and Australia offices only)**

Not Applicable

### **Representations and Warranties**

Not Applicable

## **Volatility and Uncertainty**

### **Volatility**

Credit ratings incorporate Moody's macroeconomic outlook and its implications on key variables that may include but not be limited to interest rates, inflation, economic growth, unemployment, performance of counterparties, credit availability, sector level changes in competitive conditions, supply/demand and margins, and issuer specific changes in capital structure, competitive positioning, governance, risk profile, and liquidity. Unexpected changes in such variables may lead to changes in the credit rating level, potentially by several notches. Further information on the sensitivity of the rating to specific assumptions is included in this disclosure.

### **Rating History and Performance**

Please see the ratings tab on the issuer page on [www.moodys.com](http://www.moodys.com) for the last rating action and the rating history. The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website [www.moodys.com/disclosures](http://www.moodys.com/disclosures) for further information.

Moody's credit ratings are opinions of the relative credit risk of financial obligations translating into an ordinal ranking of issuers and financial obligations across asset classes and geographies. As such, no absolute probability of default nor expected loss given default is assigned to each individual credit rating. Please refer



to the following link for an index of Moody's default studies: [Guides to Moody's Default Research](#).

### **Sensitivity to Assumptions**

- 1) If the level of enforceability of the transaction's structural mechanisms was to be more limited than assumed, this could have negative implications for the rating.
- 2) If the general performance behavior of the underlying exposures or related guarantor was to be weaker (stronger) than assumed, this could have negative (positive) implications for the rating.
- 3) If the realization value of the non-performing or otherwise disposed underlying exposures or related guarantees was to be lower (higher) than assumed, this could have negative (positive) implications for the rating.
- 4) If the transaction's relevant parties' governance, ability and willingness to perform their obligations were to be weaker (stronger) than assumed, this could have negative (positive) implications for the rating.
- 5) If the level of reliability, quality and integrity of the information provided by the relevant parties was to be weaker than assumed, this could have negative implications for the rating.

### **Potential Conflicts of Interest**

#### **General Conflict Disclosure**

Please see the ratings disclosure page on [www.moody.com/disclosures](http://www.moody.com/disclosures) for general disclosure on potential conflicts of interests.

#### **Ancillary Services**

Not applicable

#### **Disclosure to Rated Entity (European Union and Hong Kong offices only)**

Not Applicable

#### **Board Members of MIS**

Not Applicable

#### **Major MCO Shareholders**

Please see the ratings disclosure page on [www.moody.com/disclosures](http://www.moody.com/disclosures) for information on (A) MCO's major shareholders (above 5%) and for (B) further information regarding certain affiliations that may exist between directors of MCO and rated entities as well as (C) the names of entities that hold ratings from MIS that have also publicly reported to the SEC an ownership interest in MCO of more than 5%. A member of the board of directors of this rated entity may also be a member of the board of directors of a shareholder of Moody's Corporation; however, Moody's has not independently verified this matter.

### **Other**

#### **EU Endorsement**

The Global Scale Credit Rating on this form was issued by one of Moody's affiliates outside the EU and is endorsed by Moody's Investors Service Ltd., One Canada Square, Canary Wharf, London E 14 5FA, UK, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that issued the Credit Rating is available on [www.moody.com](http://www.moody.com).

#### **Supplemental Information**

Not Applicable

Regulatory disclosures in this form are reported "as of" the date of the rating action shown on the form. These disclosures are subject to correction in the event of human or mechanical error. In such cases, the date of the correction will be indicated, and the disclosures will be "as of" the date of the rating action. Please visit the rated entity's page on [www.moody.com](http://www.moody.com) for current information. Please see the ratings disclosure page [www.moody.com/disclosures](http://www.moody.com/disclosures) on our website for further information on corrections.

© 2013 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting



part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody.com](http://www.moody.com) under the heading "Shareholder Relations Corporate Governance Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for retail clients to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.